श्री मनुभाई कोटाड़िया : देख लिए हैं सब ।

SHRI SURESH KALMADI. I would like to have a Half-an-Hour Discussion on this question.

श्री सभापति : उसके लिए रूल हैं, उसके मुताबिक आप करिए ।

Failure of nationalised banks in implementing designated services approach concept of RBI

*64. SHRI ARANGIL SREEDHARAN: Will the Minister of FINANCE *be pleased to state:.

(a) whether Government are aware of the failure of nationalised banks to fully implement various programmes requiring financial assistance as per the concept of the Designated Services Approach;

(b) whether one of the main reasons therefor was the failure of nationalised banks to allot a manageable group of villages to rural branches by opening new branches for which licences were granted during 1988-89 and 1989-90 keeping in view the requirements under the scheme; and

(c) if so, what steps Reserve Bank of India proposes to take in the matter?

THE MINISTER OF FINANCE (PROF MADHU DANDAVATE); *(A)* to
(c) A statement is laid on the Table of the House.

. **Statement**

The Hon'ble Member is, perhaps, referring to the Service Area Approach to rural lending by the banks. The above scheme has been put in operation from 1st April, 1989. It is too early to arrive at any conclusion over the functioning of the' same.

The Reserve Bank of'India has reported that in the country as a whole, 42, 158 branches of commercial banks in rural and semi-urban centres have been allotted the villages under the Service Area Ap-*proach Of these, only 5823 branches of 14 per cent were allotted more than 25 villages each. To ensure that the villages allocated to the existing branches are manageable, Reserve Bank -of India advised the Lead Banks to identify additional centres and accordingly 1, 416 more' centres have been allotted to banks for effective implementation of the scheme.

The progress in opening of branches at the allotted centres is monitored by the Task Force set up at the Regional Offices of the Reserve Bank of India. The State Governments were. requested to render necessary assistance to banks in providing basic infra-structural facilities at the allotted centres. Banks have been advised to utilise their pending licences i at the allotted centres before the end of the financial year.

The allotment of centres in urban areas and extension counters are considered sep- ■ arately by the RBI, and it will not be desirable to link up the matter of opening cf new rural and semi-urban branches with the same.

SHRI ARANGIL SREEDHARAN: Mr, Chairman, Sir, the statement, I am constrained to say, is rither- disappointing because I wanted to know through my question what difficulties have been faced by the banks, nationalised banks to implement the scheme, but the reply says:

> "The above scheme has been put in operation from 1st April, 1989. It is too early to arrive at any conclusion over the functioning of the scheme. "

This is after eight months. I would like; to know from the Government whether there >is any machinary at the lower level and popular participation also in those machineries such as a district bank review committee, a block review committee and other organisations like these to review the functioning of the scheme or it will go the same way as it happened in the past when schemes remained on paper and" were' not implemented.

PROF. MADHU DANDAVATE: Sir, if the hon. Member feel that the answer is disappointing, it is because the imple-

mentation of the scheme over the short period of time is not very satisfactory. Even I am not still very happy because enough time has not been given. On the 1st of April, 1989 the scheme has been launched. I would like to point out to him that the Reserve Bank of India has reported that in the country as a whole 42, 158 branches of commercial banks in rural and semi-urban centres have been allotted villages under the service approach concept. But unfortunately of these, only 5, 823 branches or 14 per cent were allotted more than 25 villages. The scheme is that these branches of the banks in the rural areas should adopt the villages and try to help them in the developmental activities. Unfortunately, the constraint So far *in* the first few months seems to be those of housing the banks and there must be road facilities, so many other fatilities infatructural facilities, so that are needed for the banks, and then they would be able to effectively implement the scheme. So, the scheme is only in the formative stage. I would only like to assure the hon. Member that we would do evervthing in our power to see that it is effectively implemented.

SHRI JAGESH DESAI: It is a good scheme.

PROF. MADHU DANDAVATE: The scheme is good. But there was no satisfactory result.

SHRI ARANOIL SREEDHARAN: When the nationalisation of banks took place, all the progressive forces in the cOuntrysupported this dynamic programme. But after the nationalisation of banks, there has been complete demoralisaiton in the banking system because the_pre-vious Government imported politics into the banking system. The loan melas organised by the previous ruling ' party -... *(Interruptions)*. have created a bot-tleneck in the system... *(Interruptions)* Under the loan mela scheme your Poojari was going round the country doing things for your ruling party. I know what happened in my own constituency. You have completely chartered the banking system. Now, I would like to ask the Minister,

. what steps will'he take to eradicate these evils in the banking sfstem particularly under this scheme?

PROF. MADHU DANDAVATE. Sir, as far as the functioning of the banks is concerned, even after nationalisation, nobody can claim that the entire functioning is very salisfa^'ory. There is ? lot of scope for improvement. The Member has 1 certain questions and I think they will (all within, the ambit of the Jiscus-suir. s that we are going to have *In* the evening in this very House and I will be replying to that. I do not want to anti-cipate my reply tothat debate. But here I will say only this much whatever the aims and objectives of the nationalised j banks, one of them is to ensure proper assistance to the rural population in their activities of davelopment and we will try our best to see that this is achieved. As a first step towards that, the Reserve Bank of India through their regional offices have already set up a task force to monitor and supervise the type of • activities that are assigned to the rural banks under the scheme and it will be our constant endeavour to see that those regional offices °f the RBI are given all possible assistance and also to see that their monitoring and supervision is eflective. Sir, whatever failures have been there in the ea-lier months or earlier years, that will be a success. at a later stage.

SHRI SANTOSH • BAGRODIA: The hon. Minister has mentioned about . extension counters in the banks in urban areas. What is happening is Sir, with the devElotiment of industries, the labourers at the end of the month when they get their salaries, as we all know consume' most of their pay in alcohol and beverag-es. In order to improve ihe situation for them socially I wonder if the hon. Minister would consider my suggestion to have extension counters in each industry from the nearby' bank branch so that all payments ate made to the -workers only through cheques. This will help the workers so that their employers do not cheat them by not giving them full salaries. This will also inculcate the habit of saving in their minds.

PROF. MADHU DANDAVATE: It is not within my power to give the ruling. The aspect which he has raised is no doubt an important aspect but it has nothing to do with the question which has been asked. Sir, I would like to seek your guidance whether it is within the ambit of the question or outside.

MR. CHAIRMAN: It is a suggestion.

SHRI SANTOSH BAGRODIA: He has mentioned about the extension counters in his reply and that is why I raised about it. Will he open extension counters in each industry from the nearby bank branches?

PROF. MADHU DANDAVATE; As far as my response is concerned, though it is not directly connected with this, I accept the suggestion and we will try to examine it.

MR. CHAIRMAN: That is all.

PROF. SOURENDRA BHATTACHA-RJEE: Mr. Chairman, Sir, already a point was raised that there was some probe regarding loan melas organised in the preceding years. My question to the Finance Minister is, does he contemplate' organising such loan melas in future and on a very well-derined basis in order to help the deserving population all over the country?

PROF. MADHU DANDAVATE: Sir, as far as loan. rnelas are concerned—though they are not directiy related to the question—since he has asked it and ' you have permitted it • •

MR. CHAIRMAN: Two Members have raised it.

PROF. MADHU DANDAVATE: I would say very clearly...

SHRI JAGESH'DESAI: Though this is not within the ambit of this question, you want to answer it.

12. 00 NOON

PROF. MADHU DANDAVATE: I am in the hands of the Chair, you need not listen to me, I say, Sir, I am in your hands.

MR. CHAIRMAN: I hav© permitted him.

PROF. MADHU DANDAVATE; Sir, you directed me and I do not defy the Chair. As far as die loan melas are concerned, we will have to wait and examine very clearly the organising of loan melas in public places where the machinery is shifted from banks to public places where alt the details as to whom the loans are given and how much they have demanded are revealed, and whether according to the accepted norms and rule; that would be acceptable or not and that is followed or not; that itself will have to be examined. Personally, I am not in favour of organising such loan melas i_n public places.

MR. CHAIRMAN: Question Hour is over.

WRITTEN ANSWERS TO QUESTIONS

Review of long term Import|Export policy

•65. SHRI SURENDRA SlNGH THAKUR: SHRI YASHWANT SINHA:

Will the Minister of COMMERCE be pleased to state:

(a) whether Government propose to review the long term import|export polcy with a view to eliminating non-essential imports; and

'(b) if so, what are the details thereof?

THE MINISTER OF COMMERCE AND TOURISM (SHRI ARUN KUMAR NEHRU): (a) and (b) Yes, Sir. The review of the Import & Export Policy is being undertaken in conjunction with other related aspects which have a bearing on imports. The aims of the review include: —

(i) enhancement of exports with particular reference to higher value-added exports;

(ii) import compression; and